

Time-Differentiated TCCs

Katherine Zoellmer

Market Design Specialist, Energy Market Design

ICAPWG/MIWG

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Agenda

- **Project Background**
- **Stakeholder-Proposed Designs**
- **2021 Market Design Concept Proposal**
- **Next Steps**
- **Appendix**
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Project Background

Project Background

■ Project Description

- Currently, Transmission Congestion Contracts (TCCs) are available as a 24-hour product only. This may limit the effectiveness in serving as an efficient forward hedging mechanism against congestion because it does not provide forward congestion price signals from TCC auctions that distinguish between the congestion patterns that can occur during different periods of the day or week.
- The Time-Differentiated TCC project seeks to disaggregate the TCC product from its current 24-hour time span to include additional, more granular products. This enhancement is intended to improve the commercial function and forward congestion price transparency.
- This additional flexibility could benefit Market Participants under current grid conditions, as well as future grid topologies with increased levels of intermittent resources, which have notable variations in output in daytime hours versus nighttime hours.

Project Background

- **2026 Deliverable: Market Design Concept Proposed**
 - Many components of the market design will be determined; however, tariff language will not be developed
- **Additionally, a Consumer Impact Analysis will be completed for this project**

Stakeholder- Proposed Designs

Stakeholder-Proposed Designs

- **Market Participants supporting the development of a time-differentiated TCC product have noted that the benefits of such a structure may include:**
 - Better alignment between TCC products and over-the-counter (OTC) energy market trading products
 - Better alignment between TCC products and similar products available in neighboring markets
 - Improved hedging opportunities that better align with load and/or generation profiles
 - Increased market transparency through further granularity

Stakeholder-Proposed Designs

- **During the 2021 and 2026 project prioritization processes, stakeholders presented potential designs for time-differentiated products, which include:**
 - 2 categories of TCC products:
 - On-peak: Monday – Friday, hour beginning (HB) 7 – HB 22, excluding holidays
 - Off-peak: all other hours and holidays
 - 3 categories of TCC products:
 - On-peak weekday: non-holiday weekdays, Monday – Friday, HB 7 – HB 22
 - On-peak weekend/holiday: Saturday – Sunday and holidays, HB 7 – HB 22
 - Off peak: all other hours, Monday – Sunday, HB 0 – HB 6, and HB 23
 - With the proposals, the existing 24-hour TCC product may be eliminated or retained

2021 Market Design Concept Proposal

NYISO Concept Proposal

- In 2021 the NYISO worked with stakeholders to develop a concept proposal for Time-Differentiated TCCs
- The proposal defined the following time-differentiated TCC products:
 - On-peak: Monday – Friday, HB 7 – HB 22, except holidays
 - On-peak weekend/holiday: HB 7 – HB 22 on Saturday, Sunday, and holidays
 - Off-peak: all hours not encompassed by on-peak and on-peak weekend/holiday definitions (all days: HB 0 – HB 6 and HB 23)
- The proposal retained the current 24-hour product, proposing the time-differentiated structure as a supplemental product

NYISO Concept Proposal

■ Additional proposal components:

- Auction revenue and surplus/shortfall cost allocation
 - The proposal did not anticipate significant changes to the concept and methodology for calculating auction revenue and surplus/shortfall cost allocation
- Auction procedures
 - The NYISO's current procedures for determining TCC products to be offered for sale in each Centralized TCC Auction include soliciting input from Market Participants, which the NYISO considers when determining the products to be offered
 - The proposal contemplated extending this process to assist in determining the availability of the time-differentiated TCC product offerings in auctions

NYISO Concept Proposal

- **The proposal identified the following topics for further discussion:**
 - Credit requirements for time-differentiated products
 - Whether to expand a time-differentiated design to the Incremental TCC product
 - Feasibility to implement a proposed solution

Next Steps

Next Steps

- Analyze congestion trends
- Assess the time-differentiated products offered in other regions
- Discuss potential structures for time-differentiated TCC products
 - This will include further assessment of the design concept proposed in 2021, potential refinements thereto, and/or alternative designs
- Please provide additional feedback and/or questions to KZoellmer@nyiso.com

Appendix

Previous Presentations

Date	Working Group	Topic/Links to Materials
October 12, 2021	MIWG/ICAPWG	Time-Differentiated TCCs – Revised Market Design Concept Proposed
June 17, 2025	MIWG/ICAPWG	Calpine Energy Solutions NYISO On & Off Peak TCC Proposal